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DEPARTMENT OF STATE

Gen Razi 5/6/82

Memorandum of Conversation

DATE: March 9, 1964

SUBJECT: U.S. Government Decision to Phase Out Aid to Libya.

PARTICIPANTS:
Mr. John K.E. Broadley, Third Secretary, British Embassy
Mr. Robert G. Owen, Third Secretary, British Embassy
Mr. David D. Newsom, Director, Office of Northern African Affairs
Mr. Grant V. McClanahan, OIC Libyan Affairs

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Mr. Newsom had requested the British Embassy officers to call at the Department to discuss the situation in Libya.

One of the items covered concerned the fact of the U.S. Government having informed the Libyans that U.S. aid to Libya was going to be phased out. Mr. Newsom explained that the U.S. Government had been under pressure to reduce aid in countries which are thought to be able to get along without it. President Johnson is expected shortly to state that there are twelve countries where it is hoped that U.S. aid can be terminated. Later in a presentation by Mr. David Bell, the AID Administrator, Congress will be told the names of the countries, and Libya will be one of the twelve. Mr. Newsom remarked that we have had grave doubts about the effect this might have on our relations with Libya. Ambassador Lightner was instructed to inform the Libyan Government and did so during his conversation with Prime Minister Muntassir on March 6. This had been somewhat awkward in terms of timing because during the same conversation it was necessary for the Ambassador to discuss foreign bases in Libya. We have made it clear to the Libyans that the termination of aid would not be abrupt and funds would probably continue through 1965. Furthermore contract personnel will continue in Libya well into calendar year 1966. There will be a gradual phase-down of our AID mission, and it will be blended into the Embassy.

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Mr. Broadley asked whether this decision included payment for the base. Mr. Newsom replied that that was a separate question. What is being terminated is the technical assistance program, and we hoped to continue to have technicians in Libya at Libyan Government expense. Mr. Newsom concluded that because of the possible importance of this decision and because of our practice of close consultations with the British on Libya, he had wanted to inform the British Government promptly of this action on our part.

Mr. Broadley asked what the Libyan Prime Minister's reaction had been to this news.

Mr. McClanahan said that the Prime Minister had been disappointed. Muntassir professed to understand that this action did not have any connection with the bases question but pointed out that the timing was unfortunate and that it might be regarded as an indication of a changed attitude toward the Arabs by the U.S. Government and as further justification for ending the base agreement.

Clearance:

AFN - Mr. Newsom (draft)

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